



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

November 13, 2008

IN REPLY
REFER TO DLMSO

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) AND
JOINT PHYSICAL INVENTORY WORKING GROUP (JPIWG)

SUBJECT: Proposed Defense Logistics Management System (DLMS) Change (PDC) 299,
Revise the DOD Inventory Control Effectiveness (ICE) Report (General Supplies)
and Revise Type Physical Inventory/Transaction History Codes C and Z (Supply)

We are forwarding the attached proposed change to DOD 4000.25-M, Defense Logistics Management System (DLMS), for evaluation and submission of a single coordinated DOD Component position. It is the Component Supply PRC representative responsibility to assure full coordination of this proposal within your Component.

Request you review the attached proposed change and provide your comments/ concurrence to DLMSO not later than **30 days** from the date of this memorandum. If nonconcurrence is provided, please provide an alternate method to meet the requirement being addressed.

Addressees may direct questions to the DLMSO point of contact, Ms. Mary Jane Johnson, MILSTRAP Administrator and JPIWG Chair, at (703) 767-0677; DSN 427-0677; or, e-mail: Mary.Jane.Johnson@dla.mil. Others must contact their Component designated Supply PRC or JPIWG representative.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
DUSD(L&MR)SCI

ATTACHMENT TO PDC 299
Revise the DOD Inventory Control Effectiveness (ICE) Report (General Supplies) and
Revise Type Physical Inventory/Transaction History Codes C and Z (Supply).

1. ORIGINATOR:

- a. **Service/Agency:** Defense Logistics Agency
- b. **Originator:** DLA J-3312; DLA Joint Physical Inventory Working Group (JPIWG) Representative, DSN 427-1606, Commercial 703-767-1606

2. FUNCTIONAL AREA:

- a. **Primary:** Supply/Physical Inventory Control Program
- b. **Secondary(ies):** None

3. REFERENCES:

- a. DoD 4000.25-M, DLMS, Volume 2, Chapter 6, as revised by ADC 307 (reference 3d), <http://www.dla.mil/j-6/dlms/eLibrary/manuals/dlms/v2.asp>
- b. DoD 4000.25-2-M, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), <http://www.dla.mil/j-6/dlms/eLibrary/Manuals/MILSTRAP/default.asp>
- c. DLMSO memorandum, April 25, 2007, subject: Approved DLMS Change (ADC) 237, Rename Location Audit Program to Record Reconciliation Program, <http://www.dla.mil/j-6/dlms/eLibrary/Changes/approved3.asp>
- d. DLMSO memorandum, November 10, 2008, subject: Approved DLMS Change (ADC) 307, Administrative Update to DLMS, Volume 2, Chapter 6, Physical Inventory Control, and DLMS 846P, 846R, and 888I, <http://www.dla.mil/j-6/dlms/eLibrary/Changes/approved4.asp>

4. REQUESTED CHANGE:

- a. **Title:** Revise the DOD Inventory Control Effectiveness (ICE) Report (General Supplies) and Revise Type Physical Inventory/Transaction History Codes C and Z (Supply).

- b. **Description of Change:** The Defense Logistics Agency (DLA) proposes this change to:

1) **Revise the Inventory Control Effectiveness (ICE) Report-General Supplies, DD Form 2338-2 (Sep 2000)**, identified in DOD 4000.25-M, DLMS, Volume 2 (reference 3a), Chapter 6, and DOD 4000.25-2-M, MILSTRAP (reference 3b), Chapter 7, Appendix A6, to enhance data analysis and Inter/Intra Service reporting. Currently the report is used by the DLA and the Defense Distribution Center (DDC) as a management tool to measure the performance of the distribution operations. The quarterly report is also forwarded to each Component displaying physical inventory performance data for their material stored at DDC distribution facilities. This change proposes a complete revision of the ICE Report.

(a) The revised ICE Report Part I focuses on Physical Inventory and Denial performance statistics to create a meaningful summary of data for DLA as well as Inter-Service ICE reporting.

(b) The revised ICE Report Part II is not applicable to Inter-Service reporting and, as DLA proposes by this change, does not have a prescribed format but recognizes what performance data will be maintained by the Components. Part II groups Receipt processing, the Record Reconciliation Program and Record Accuracy sampling results into a new section where the method of performance visibility and management reporting will vary (i.e. Management Information Systems, Record Reconciliation Reports, Performance and Analysis Briefings, etc). While Part II identifies the performance elements to be collected and maintained it would not be used for reporting actual performance statistics.

2) Revise Type Physical Inventory/Transaction History Codes C and Z to provide unique codes for storage activity processes. The second part of this PDC modifies DLMS Data Dictionary, and MILSTRAP Appendix 2.2, Type Physical Inventory/Transaction History Code definition for code C to be used only by the storage activity. This would allow the storage activity a unique code for inventory accuracy improvement initiatives. This proposal also provides a definition for new code Z to be used by the storage activity when an adjustment occurs (for a specific SCC) as a result of mismatches between the location and owner records (i.e. Book-to-Book).

c. Procedures:

- 1) Revise DOD 4000.25-2-M, MILSTRAP chapter 7, as revised by ADC 297 (reference 3c), as shown in Enclosure 1.
- 2) Revise DOD 4000.25-M, DLMS, volume 2, chapter 6, as revised by ADC 307 (reference 3d), as shown in Enclosure 2.
- 3) Revise DD Form 2338-2, Inventory Control Effectiveness Report (ICE) (General Supplies) as shown in the Enclosure 3. Refer to DoD 4000.25-2-M, Appendix 1.2, for the current ICE Report (General Supplies) format (http://www.dla.mil/j-6/dlmsso/elibrary/manuals/milstrap/AP1_Index.asp).
- 4) Update DLMS Data Dictionary and MILSTRAP Appendix 2.2 Type Physical Inventory/Transaction History Code to revise code C definition and add new code Z, as follows (change identified by *red, bold, italicized text*):

<u>Code</u>	<u>Definition</u>
C	Inventory (all supply condition codes) initiated by owner, accountable officers, or the storage activity <i>in support of inventory accuracy improvement initiatives.</i>
<i>Z</i>	<i>Special Inventory adjustment (specified supply condition code) systemically initiated by DSS for quantity mismatches between the quantity-by-location and owner balance records (e.g. Book-to-Book).</i>

d. Alternatives: No known alternatives.

5. REASON FOR CHANGE: The DLA and Components developed management information systems to support and assess Physical Inventory Control Program (PICP) requirements and expressed a need to realign the ICE Report information to enhance data analysis. Given the varied range of line items managed by the Components and the depth of inventories, the Monetary Values related to Record Reconciliation and End-of-Day processing did not provide meaningful performance data. Trend analysis was often misleading. Thus, reporting on and including the value of accounting adjustments was not required. However, to maintain the integrity and focus on physical inventory adjustment data a new Part I was created and Part II designed to highlight PICP performance data and accuracy requirements.

6. ADVANTAGES AND DISADVANTAGES:

Advantages: The ICE Report is a performance assessment tool to evaluate PICP processes. The proposed change would make the report easier to understand and analyze. The data shown in Part I provide the DLA and the Services a more meaningful summary of physical inventory performance. This will place renewed emphasis on events which cause physical inventory adjustments, and actions taken to resolve discrepancies to improve inventory accuracy.

Disadvantages: None.

7. IMPACT:

a. Data Content/Procedures: If PDC 299 is approved, DLMSO will take action to revise the Inventory Control Effectiveness Report (General Supplies), DD Form 2338-2, Sep 2000.

b. Publication(s): DOD 4000.25-2-M, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), Chapter 7 and DOD 4000.25-M, DLMS, Volume 2, Chapter 6.

ENCLOSURE 1 TO PDC 299
REVISIONS TO DOD 4000.25-2-M, MILSTRAP, CHAPTER 7
(Changes are identified by *red, italicized text*)

1) **Revise section C7.3.4.1.** to delete Type of Physical Inventory/Transaction History Code C from the fourth line:

“C7.3.4.1. Owners, AOs, and storage activities shall initiate special inventories using DI Code DJA transactions, prepared in the appendix AP3.15 format. If an inventory has not been taken within the past 90 calendar days, cite Type of Physical Inventory/Transaction History Code **C**, D, J, or K in the transaction. If an inventory...”

2) **Add new sections C7.3.4.4. and C7.3.4.6,** renumber current C7.3.4.4. as C7.3.4.5, as follows:

“C7.3.4.4. Storage activities shall initiate special inventories, for a specific SCC, as a result of quantity mismatches between the quantity-by-location and owner balance records using Type Physical Inventory/Transaction History Code Z.

C7.3.4.5. Storage activities may initiate unscheduled inventories as a result of on-hand balance mismatches between the locator and property accountability records with DI Code DJA, using Type Physical Inventory/Transaction History Code M.”

C7.3.4.6. Storage activities shall initiate Special Inventories (for all SCCs) in support of inventory accuracy improvement initiatives, using Type Physical Inventory/Transaction History C.

3) **Revise paragraph C7.5.4.** as follows:

“C7.5.4. Performance Assessment. Reversals recognize the success of causative research efforts and allow for the proper posting of the correct supply transactions and audit trails. The number of inventory adjustments and related monetary values will be separated and identified as follows:

C7.5.4.1. Absolute adjustment rates shall include all gain and loss reversals from reporting and prior quarters’ adjustment transactions.

C7.5.4.2. Initial adjustment rates shall not include gain and loss reversals from reporting or prior quarters’ adjustments.”

ABOVE SECTION ***C7.5.4*** replaces:

~~“C7.5.4. Performance Assessment. Reversals against transactions processed within the adjustment period will be separated and identified as follows:~~

~~_____C7.5.4.1. Gross adjustment during the current period,~~

~~_____C7.5.4.2. Reversal of prior quarters’ adjustment transactions,~~

~~_____C7.5.4.3. Reversal of current quarters’ adjustment transactions, and~~

~~_____C7.5.4.4. Total value of net adjustments during the current period (i.e., value of net gains added to value of net losses).”~~

4) Replace in its entirety, section C7.9.2., **General Supplies Performance Standards and Data**, with the following (current MILSTRAP section C7.9.2 correlates to the content of the current ICE Report-General Supplies—refer to MILSTRAP chapter 7 for current content of C7.9.2, <http://www.dla.mil/j-6/dlmsso/elibrary/Manuals/MILSTRAP/default.asp>):

“C7.9.2. General Supplies Performance Standards and Data

*“C7.9.2.1. **General Supplies Inventory Adjustment Report Data -- Part I.** Parentheses with each paragraph number refers to data shown on the [PROPOSED REVISED] ICE Report (Report Control Symbol _____)*

*C7.9.2.1.1. **Physical Inventory and Variance Rate***

*C7.9.2.1.1.1. (Line 1.A.) **Number of Inventories Completed.** The total number of line items inventoried (scheduled and unscheduled). Each SCC for a stock number at each storage activity is a line item.*

*C7.9.2.1.1.2. (Line 1.B.) **Number of Inventories with Adjustments.** The total number of line items inventoried (scheduled and unscheduled) which had an inventory variance.*

*C7.9.2.1.1.3. (Line 1.C.) **Inventory Variance Rate.** Reflects the percent of the line items inventoried which had an inventory variance. Compute this figure by dividing the lines with an Inventory Variance by the total line items inventoried and multiplying by 100. $\{(1)(b)/(1)(a)) \times 100\}$.*

*C7.9.2.1.1.4. (Line 1.D.) **Number of Adjustments Equal to or Greater Than (= />) Causative Research Criteria.** The total number of line items inventoried (scheduled and unscheduled) which had an inventory variance (overage or shortage equal to or greater than Causative Research threshold) (dollar value of the variance is = /> \$16,000 for uncontrolled item, \$2500 for a pilferable item and all adjustments of a sensitive/classified items).*

*C7.9.2.1.1.5. (Line 1.E.) **Causative Research Variance Rate.** The total number of line items inventoried (scheduled and unscheduled) which had an inventory variance which met the Causative Research threshold. Compute this figure by dividing the lines which meet Causative Research Criteria by the total line items inventoried and multiplying by 100. $\{(1)(d) / (1)(a)) \times 100\}$.*

*C7.9.2.1.2. **Number of Adjustments***

*C7.9.2.1.2.1. (Line 2.A.) **Number of Adjustment Gains (D8A).** The total number of line items inventoried (scheduled and unscheduled) which had an inventory gain adjustments.*

*C7.9.2.1.2.2. (Line 2.B.) **Number of Adjustment Losses (D9A).** The total number of line items inventoried (scheduled and unscheduled) which had an inventory loss adjustments.*

*C7.9.2.1.2.3. (Line 2.C.) **Number of Gain Reversals (D8A Reversal).** The total number of*

gain reversals of inventory adjustments (from reporting and prior quarters).

C7.9.2.1.2.4. **(Line 2.D.) Number of Loss Reversals (D9A Reversal).** The total number of loss reversals of inventory adjustments (from reporting and prior quarters).

C7.9.2.1.2.5. **(Line 2.E.) Total Number of Inventory Adjustments.** The total number of line items inventoried (scheduled and unscheduled) which had an inventory gain or loss adjustment excluding the number of gain and loss reversals (from reporting and prior quarters) processed during the report period.

C7.9.2.1.3. Monetary Value of Adjustments (\$000)

C7.9.2.1.3.1. **(Line 3.A.) Value of Adjustment Gains (D8A).** Monetary value of gain adjustments excluding the monetary value of gain reversals processed during the report period.

C7.9.2.1.3.2. **(Line 3.B.) Value of Adjustment Losses (D9A).** Monetary value of loss adjustments excluding the monetary value of loss reversals processed during the report period.

C7.9.2.1.3.3. **(Line 3.C.) Value of Gain Reversals (D8A).** The total monetary value of gain reversals processed during the reporting period. Compute the FY to Date value for reversal of gains from reporting quarter by adding the Quarter Ending value for reversal to the prior quarter FY to Date value of reversal of reporting quarter gains.

C7.9.2.1.3.4. **(Line 3.D.) Value of Loss Reversals (D9A).** The total monetary value of loss reversals processed during the reporting period. Compute the FY to Date value for loss reversals by adding the reporting Quarter Ending value for reversals to the prior quarter FY to Date value for reversals.

C7.9.2.1.3.5. **(Line 3.E.) Total Value of Inventory Adjustments.** Monetary value of gains and losses resulting from inventory adjustments including the monetary value of gain and loss reversals (from reporting and prior quarters) processed during the report period.

C7.9.2.1.4. Adjustment Rates

C7.9.2.1.4.1. **(Line 4.A.) Average Value of Materiel in Storage.** The average value of on-hand assets as reflected on storage activity's owner/manager property accountability records for the 12 months prior to the report cutoff date (i.e., current quarter plus three quarters).

C7.9.2.1.4.2. **(Line 4.B.) Record Value of Items Inventoried.** The extended value prior to actual inventory of line items inventoried (scheduled and unscheduled) during the reporting period.

C7.9.2.1.4.3. **(Line 4.C.) Absolute Adjustment Rate for Materiel in Storage.** Divide the value of the total number of inventory adjustments (including reversals) by the average value of materiel in storage. $\{(3E/4A) \times 100\}$

C7.9.2.1.4.4. **(Line 4.D.) Absolute Adjustment Rate for Items Inventoried.** Divide the value of the total number of inventory adjustments (including reversals) by the record value of items inventoried. $\{(3E/4B) \times 100\}$

C7.9.2.1.4.5. **(Line 4.E.) Initial Adjustment Rate as Percent of Materiel In Storage.** Divide the value of the total number of inventory adjustments (without reversals) by the average value of materiel in storage. $\{(3A + 3B / 4A) \times 100\}$

C7.9.2.1.4.6. **(Line 4.F.) Initial Adjustment Rate as Percent of Items Inventoried.** Divide the value of the total number of inventory adjustments (without reversals) by the record value of items inventoried. $\{(3A + 3B / 4B) \times 100\}$

C7.9.2.1.5. Materiel Denials

C7.9.2.1.5.1. **(Line 5.A.) Lines Directed for Shipment.** The total number of line items directed for shipment (A5_ MRO, A4_ referral order, and A2_ redistribution order).

C7.9.2.1.5.2. **(Line 5.B.) Total Materiel Release Denials.** The total materiel denials (sum of total and partial denials, and warehouse refusals). Include denial transactions classified by denial Management Codes 1, 2, 3 (subsistence only) 4 and 5 (see appendix AP2.6) in the total.

C7.9.2.1.5.3. **(Line 5.C) Materiel Denial Rate .** Compute this figure by dividing the total denials by the line items directed for shipment and multiplying by 100. $\{(5B / 5A \times 100)\}$

C7.9.2.2. **General Supplies - Accuracy and Performance Data -- Part II.** Each DoD Component will collect and maintain visibility of the following performance data for collective analysis of accuracy trends and corrective actions required. **[DLMSO STAFFING NOTE: In Part II, DLA intent is to identify data that each Component should collect and maintain. DLA would not be the provider of this information.]**

C7.9.2.2.1. **Receipt Processing.** The accuracy rate is computed by dividing the total number of receipts (all types ... new procurements, redistributions, returns from maintenance, etc.) posted and stored to the property accountability record on time by total number of receipts and multiplying by 100 during the reporting period. The Components may separately measure receipt processing timeframes by the type of receipt (i.e. D4_, D6A, D6Ks, etc) based on business processes and negotiated agreements.

C7.9.2.2.2. **Location Survey.** The accuracy rate is computed by dividing the locations with discrepancies (Types 1, 2 and 3) by the total locations surveyed (during the reporting period) multiplying by 100, and subtracting the result from 100 percent.

C7.9.2.2.3. **Location Reconciliation.** This performance figure represents the total number of location records reconciled (i.e. sum of line items on the Inventory Manager's record and line items which were not on the Inventory Manager's record but were on the storage activities' records) during a specified reporting period. The accuracy rate is computed by dividing the number of discrepancies (as defined in paragraph C7.6.2.2.) by the number of records reconciled, multiplying by 100, and subtracting the result from 100 percent.

C7.9.2.2.4. **Record Accuracy.** This performance element represents the results of Type Physical Inventory/Transaction History Code N Sample Inventories. The sampling model incorporates a hierarchical approach where the total population of items is included and a single sample is randomly selected. Each line item (NSN/SCC) selected is placed in only one of the four categories by determining whether it meets a category's criteria, in sequential order. Table C7.T.1 provides General Supplies Record Accuracy categories, goals and tolerances.”

C7.9.3. Ammunition Performance Standards and Data

[DLMSO STAFFING NOTE: Section C7.9.3 and DD Form 2338-1, ICE Report (Ammunition), are not being revised by this PDC]

ENCLOSURE 2 TO PDC 299

REVISIONS TO DOD 4000-25-M, DLMS (as revised by ADC 307) Volume 2, Chapter 6, Physical Inventory Control (Changes are identified by *red, italicized text*)

- 1) **Revise section C6.3.4.1.** to delete Type of Physical Inventory/Transaction History Code C from the fourth line:

“C6.3.4.1. Special Inventory. Owners, accountable offices, and storage activities shall initiate special inventories using a Physical Inventory Request Transaction. If an inventory has not been taken within the past 90 calendar days, cite Type Physical Inventory/Transaction History Code **C** D, J, or K. If an inventory...”

- 2) **Add new sections C6.3.4.3. and C6.3.4.5,** and renumber current C6.3.4.3. as C6.3.4.4 as follows:

“C6.3.4.3. Storage activities shall initiate special inventories, for a specific SCC, as a result of quantity mismatches between the quantity-by-location and owner balance records using Type Physical Inventory/Transaction History Code Z.

C6.3.4.4. Storage activities may initiate unscheduled inventories as a result of on-hand balance mismatches between the locator and property accountability records with DI Code DJA, using Type of Physical Inventory/Transaction History Code M.

C6.3.4.5. Storage activities shall initiate Special Inventories (for all SCCs) in support of inventory accuracy improvement initiatives, using Type Physical Inventory/Transaction History Code C.

- 3) **Revise paragraph C6.5.4. as follows:**

“C6.5.4. Performance Assessment. Reversals recognize the success of causative research efforts and allow for the proper posting of the correct supply transactions and audit trails. The number of inventory adjustments and related monetary values will be separated and identified as follows:

C6.5.4.1. Absolute adjustment rates shall include all gain and loss reversals from reporting and prior quarters’ adjustment transactions.

C6.5.4.2. Initial adjustment rates shall not include gain and loss reversals from reporting or prior quarters’ adjustments.”

ABOVE SECTION C6.5.4 replaces the following:

~~“C6.5.4. Performance Assessment. Reversals against transactions processed within the adjustment period shall be separated and identified as follows:~~

~~———— C6.5.4.1. Gross adjustment during the current period.~~

~~———— C6.5.4.2. Reversal of prior quarters’ adjustment transactions.~~

~~———— C6.5.4.3. Reversals of current quarters’ adjustment transactions, and~~

~~———— C6.5.4.4. Total value of net adjustments during the current period (i.e., value of net gains added to value of net losses).”~~

4) Replace in its entirety, section C6.9.1., **General Supplies Performance Standards and Data**, with the following (current DLMS, vol 2, section C6.9.1 correlates to the content of the current ICE Report-General Supplies—refer to ADC 307 for current content of C6.9.1, <http://www.dla.mil/j-6/dlms/eLibrary/Changes/approved4.asp>):

“C6.9.1. General Supplies Performance Standards and Data

*“C6.9.1.1. **General Supplies Inventory Adjustment Report Data -- Part I**. Parentheses with each paragraph number refers to data shown on the [PROPOSED REVISED] ICE Report (Report Control Symbol _____)*

*C6.9.1.1.1. **Physical Inventory and Variance Rate***

*C6.9.1.1.1.1. (Line 1.A.) **Number of Inventories Completed**. The total number of line items inventoried (scheduled and unscheduled). Each SCC for a stock number at each storage activity is a line item.*

*67.9.1.1.1.2. (Line 1.B.) **Number of Inventories with Adjustments**. The total number of line items inventoried (scheduled and unscheduled) which had an inventory variance.*

*C6.9.1.1.1.3. (Line 1.C.) **Inventory Variance Rate**. Reflects the percent of the line items inventoried which had an inventory variance. Compute this figure by dividing the lines with an Inventory Variance by the total line items inventoried and multiplying by 100. $\{((1)(b)/(1)(a)) \times 100\}$.*

*C6.9.1.1.1.4. (Line 1.D.) **Number of Adjustments Equal to or Greater Than (\geq) Causative Research Criteria**. The total number of line items inventoried (scheduled and unscheduled) which had an inventory variance (overage or shortage equal to or greater than Causative Research threshold) (dollar value of the variance is \geq \$16,000 for uncontrolled item, \$2500 for a pilferable item and all adjustments of a sensitive/classified items).*

*C6.9.1.1.1.5. (Line 1.E.) **Causative Research Variance Rate**. The total number of line items inventoried (scheduled and unscheduled) which had an inventory variance which met the Causative Research threshold. Compute this figure by dividing the lines which meet Causative Research Criteria by the total line items inventoried and multiplying by 100. $\{((1)(d) / (1)(a)) \times 100\}$.*

*C6.9.1.1.2. **Number of Adjustments***

*C6.9.1.1.2.1. (Line 2.A.) **Number of Adjustment Gains (D8A)**. The total number of line items inventoried (scheduled and unscheduled) which had an inventory gain adjustments.*

*C6.9.1.1.2.2. (Line 2.B.) **Number of Adjustment Losses (D9A)**. The total number of line items inventoried (scheduled and unscheduled) which had an inventory loss adjustments.*

*C6.9.1.1.2.3. (Line 2.C.) **Number of Gain Reversals (D8A Reversal)**. The total number of gain reversals of inventory adjustments (from reporting and prior quarters).*

*C6.9.1.1.2.4. (Line 2.D.) **Number of Loss Reversals (D9A Reversal)**. The total number of loss reversals of inventory adjustments (from reporting and prior quarters).*

*C6.9.1.1.2.5. (Line 2.E.) **Total Number of Inventory Adjustments**. The total number of line items inventoried (scheduled and unscheduled) which had an inventory gain or loss adjustment excluding*

the number of gain and loss reversals (from reporting and prior quarters) processed during the report period.

C6.9.1.1.3. Monetary Value of Adjustments (\$000)

C6.9.1.1.3.1. (Line 3.A.) Value of Adjustment Gains (D8A). Monetary value of gain adjustments excluding the monetary value of gain reversals processed during the report period.

C6.9.1.1.3.2. (Line 3.B.) Value of Adjustment Losses (D9A). Monetary value of loss adjustments excluding the monetary value of loss reversals processed during the report period.

C6.9.1.1.3.3. (Line 3.C.) Value of Gain Reversals (D8A). The total monetary value of gain reversals processed during the reporting period. Compute the FY to Date value for reversal of gains from reporting quarter by adding the Quarter Ending value for reversal to the prior quarter FY to Date value of reversal of reporting quarter gains.

C6.9.1.1.3.4. (Line 3.D.) Value of Loss Reversals (D9A). The total monetary value of loss reversals processed during the reporting period. Compute the FY to Date value for loss reversals by adding the reporting Quarter Ending value for reversals to the prior quarter FY to Date value for reversals.

C6.9.1.1.3.5. (Line 3.E.) Total Value of Inventory Adjustments. Monetary value of gains and losses resulting from inventory adjustments including the monetary value of gain and loss reversals (from reporting and prior quarters) processed during the report period.

C6.9.1.1.4. Adjustment Rates

C6.9.1.1.4.1. (Line 4.A.) Average Value of Materiel in Storage. The average value of on-hand assets as reflected on storage activity's owner/manager property accountability records for the 12 months prior to the report cutoff date (i.e., current quarter plus three quarters).

C6.9.1.1.4.2. (Line 4.B.) Record Value of Items Inventoried. The extended value prior to actual inventory of line items inventoried (scheduled and unscheduled) during the reporting period.

C6.9.1.1.4.3. (Line 4.C.) Absolute Adjustment Rate for Materiel in Storage. Divide the value of the total number of inventory adjustments (including reversals) by the average value of materiel in storage. $\{(3E/4A) \times 100\}$

C6.9.1.1.4.4. (Line 4.D.) Absolute Adjustment Rate for Items Inventoried. Divide the value of the total number of inventory adjustments (including reversals) by the record value of items inventoried. $\{(3E/4B) \times 100\}$

C6.9.1.1.4.5. (Line 4.E.) Initial Adjustment Rate as Percent of Materiel In Storage. Divide the value of the total number of inventory adjustments (without reversals) by the average value of materiel in storage. $\{(3A + 3B / 4A) \times 100\}$

C6.9.1.1.4.6. (Line 4.F) Initial Adjustment Rate as Percent of Items Inventoried. Divide the value of the total number of inventory adjustments (without reversals) by the record value of items inventoried. $\{(3A + 3B / 4B)\}$

C6.9.1.1.5. Materiel Denials

C6.9.1.1.5.1. (Line 5.A.) Lines Directed for Shipment. The total number of line items directed for shipment (A5_ MRO, A4_ referral order, and A2_ redistribution order).

C6.9.1.1.5.2. (Line 5.B.) Total Materiel Release Denials. The total materiel denials (sum of total and partial denials, and warehouse refusals). Include denial transactions classified by denial Management Codes 1, 2, 3 (subsistence only) 4 and 5 (see appendix AP2.6) in the total.

C6.9.1.1.5.3. (Line 5.C) Materiel Denial Rate . Compute this figure by dividing the total denials by the line items directed for shipment and multiplying by 100. $\{(5B / 5A \times 100)\}$

C6.9.1.2. General Supplies - Accuracy and Performance Data -- Part II. Each DoD Component shall collect and maintain visibility of the following performance data for collective analysis of accuracy trends and corrective actions required. **DLMSO STAFFING NOTE: In Part II, DLA intent is to identify data that each Component should collect and maintain. DLA would not be the provider of this information.]**

C6.9.1.2.1. Receipt Processing. The accuracy rate is computed by dividing the total number of receipts (all types ... new procurements, redistributions, returns from maintenance, etc.) posted and stored to the property accountability record on time by total number of receipts and multiplying by 100 during the reporting period. The Components may separately measure receipt processing timeframes by the type of receipt (i.e. D4_, D6A, D6Ks, etc) based on business processes and negotiated agreements.

C6.9.1.2.2. Location Survey. The accuracy rate is computed by dividing the locations with discrepancies (Types 1, 2 and 3) by the total locations surveyed (during the reporting period) multiplying by 100, and subtracting the result from 100 percent.

C6.9.1.2.3. Locationd Reconciliation. This performance figure represents the total number of location records reconciled (i.e. sum of line items on the Inventory Manager's record and line items which were not on the Inventory Manager's record but were on the storage activities' records) during a specified reporting period. The accuracy rate is computed by dividing the number of discrepancies (as defined in paragraph C6.6.2.2.) by the number of records reconciled, multiplying by 100, and subtracting the result from 100 percent.

C6.9.1.2.4. Record Accuracy. This performance element represents the results of Type Physical Inventory/Transaction History Code N Sample Inventories. The sampling model incorporates a hierarchical approach where the total population of items is included and a single sample is randomly selected. Each line item (NSN/SCC) selected is placed in only one of the four categories by determining whether it meets a category's criteria, in sequential order. Table C6.T1 provides General Supplies Record Accuracy categories, goals and tolerances.”

C6.9.2. Ammunition Performance Standards and Data (The information in this section corresponds to information shown on DD Form 2338-1)

DLMSO STAFFING NOTE: Section C6.9.2 and DD Form 2338-1, ICE Report (Ammunition), are not being revised by this PDC

INVENTORY CONTROL EFFECTIVENESS (ICE) REPORT - PART I GENERAL SUPPLIES - INVENTORY ADJUSTMENT REPORT DATA <i>(Dollar Data Expressed in Thousands)</i>		REPORT CONTROL SYMBOL
REPORTING ORGANIZATION	QUARTER ENDING:	FISCAL YEAR: TO DATE:
1. NUMBER OF PHYSICAL INVENTORIES & VARIANCE RATE		
A. NUMBER OF INVENTORIES COMPLETED		
B. NUMBER OF INVENTORIES WITH ADJUSTMENTS (D8A or D9A)		
C. INVENTORY VARIANCE RATE $\{(1B/1A) \times 100\}$		
D. NUMBER OF ADJUSTMENTS \Rightarrow CAUSATIVE RESEARCH CRITERIA (I.E. D8A or D9A > \$16000)		
E. CAUSATIVE RESEARCH VARIANCE RATE $\{(1D/1A) \times 100\}$		
2. NUMBER OF ADJUSTMENTS		
A. NUMBER OF ADJUSTMENT GAINS (D8A)		
B. NUMBER OF ADJUSTMENT LOSSES (D9A)		
C. NUMBER OF GAIN REVERSALS (D8A Reversal)		
D. NUMBER OF LOSS REVERSALS (D9A Reversal)		
E. TOTAL NUMBER OF INVENTORY ADJUSTMENTS		
3. MONETARY VALUE OF ADJUSTMENTS (\$000)		
A. VALUE OF ADJUSTMENT GAINS (D8A)		
B. VALUE OF ADJUSTMENT LOSSES (D9A)		
C. VALUE OF GAIN REVERSALS (D8A Reversal)		
D. VALUE OF LOSS REVERSALS (D9A Reversal)		
E. TOTAL VALUE OF INVENTORY ADJUSTMENTS		
4. ADJUSTMENT RATES		
A. AVERAGE VALUE OF MATERIEL IN STORAGE		
B. RECORD VALUE OF ITEMS INVENTORIED		
C. ABSOLUTE ADJUSTMENT RATE FOR MATERIEL IN STORAGE $\{(3E/4A) \times 100\}$		
D. ABSOLUTE ADJUSTMENT RATE FOR ITEMS INVENTORIED $\{(3E/4B) \times 100\}$		
E. INITIAL ADJUSTMENT RATE AS PERCENT OF MATERIEL IN STORAGE $\{(3A + 3B/4A) \times 100\}$		
F. INITIAL ADJUSTMENT RATE AS PERCENT OF ITEMS INVENTORIED $\{(3A + 3B/4B) \times 100\}$		
5. DENIAL RATE		
A. LINES DIRECTED FOR SHIPMENT		
B. TOTAL MATERIEL RELEASE DENIALS		
C. MATERIEL DENIAL RATE (5B/5A)		

NOTE: Gain/Loss data elements include Book to Book Adjustments (TPIC Z)

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